

**House File 653 - Reprinted**

HOUSE FILE 653

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 215)

(As Amended and Passed by the House April 18, 2011)

**A BILL FOR**

1 An Act relating to the assessment and taxation of qualifying  
2 local exchange carrier property.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427A.1, subsection 1, paragraph h, Code  
2 2011, is amended to read as follows:

3 h. Property assessed by the department of revenue pursuant  
4 to sections 428.24 to 428.29, ~~or chapters 433,~~ chapter 433  
5 if such property is not owned by a qualifying local exchange  
6 carrier, as defined in section 433.16, or chapters 434, 437,  
7 437A, and 438.

8 Sec. 2. Section 433.4, Code 2011, is amended to read as  
9 follows:

10 **433.4 Assessment.**

11 ~~The~~ Except as otherwise provided in section 433.16, the  
12 director of revenue shall on or before October 31 each year,  
13 proceed to find the actual value of the property of these  
14 companies in this state, taking into consideration the  
15 information obtained from the statements required, and any  
16 further information the director can obtain, using the same as  
17 a means for determining the actual cash value of the property  
18 of these companies within this state. The director shall  
19 also take into consideration the valuation of all property  
20 of these companies, including franchises and the use of the  
21 property in connection with lines outside the state, and  
22 making these deductions as may be necessary on account of  
23 extra value of property outside the state as compared with  
24 the value of property in the state, in order that the actual  
25 cash value of the property of the company within this state  
26 may be ascertained. The assessment shall include all property  
27 of every kind and character whatsoever, real, personal, or  
28 mixed, used by the companies in the transaction of telegraph  
29 and telephone business; and the property so included in the  
30 assessment shall not be taxed in any other manner than as  
31 provided in this chapter.

32 Sec. 3. NEW SECTION. **433.16 Qualifying local exchange**  
33 **carriers — assessment.**

34 1. For assessment years beginning on or after January  
35 1, 2012, the property of qualifying local exchange carriers

1 shall be assessed for taxation according to this section. For  
2 purposes of this section, "*qualifying local exchange carrier*"  
3 means a telecommunications company that provides local exchange  
4 service and has less than fifty thousand customer access lines  
5 located in this state.

6 2. a. For assessment years beginning on or after January 1,  
7 2012, but before January 1, 2018, the director of revenue shall  
8 on or before October 31 of each year and using information from  
9 statements required under this chapter or otherwise acquired  
10 from the local assessors, determine the value of the qualifying  
11 local exchange carrier's land, buildings, structures, and  
12 improvements.

13 b. For the assessment years beginning on or after January  
14 1, 2012, but before January 1, 2018, the value of such  
15 property shall equal the sum of the value of the qualifying  
16 local exchange carrier's land, buildings, structures, and  
17 improvements, assessed in the same manner as all other  
18 commercial property pursuant to chapters 427, 427A, 427B, 428,  
19 and 441, and the qualifying local exchange carrier adjustment  
20 for the applicable assessment year.

21 c. The qualifying local exchange carrier base value shall  
22 be the total assessed value of the qualifying local exchange  
23 carrier's property assessed pursuant to section 433.4, Code  
24 2011, for the assessment year beginning January 1, 2011.  
25 However, if the qualifying local exchange carrier adds or  
26 disposes of property in an amount exceeding ten percent of  
27 the local exchange carrier's total assessed value for the  
28 assessment year beginning January 1, 2011, or ten percent of  
29 the base value most recently adjusted under this paragraph,  
30 the qualifying local exchange carrier's base value shall be  
31 adjusted to reflect those additions or dispositions.

32 d. The qualifying local exchange carrier adjustment shall be  
33 determined as follows:

34 (1) For the assessment year beginning January 1, 2012,  
35 the qualifying local exchange carrier adjustment shall equal

1 eighty-five percent of the difference between the qualifying  
2 local exchange carrier's base value and the assessed value  
3 of the qualifying local exchange carrier's land, buildings,  
4 structures, and improvements assessed in the same manner as  
5 all other property assessed as commercial property pursuant to  
6 chapters 427, 427A, 427B, 428, and 441.

7 (2) For the assessment year beginning January 1, 2013,  
8 the qualifying local exchange carrier adjustment shall equal  
9 seventy percent of the difference between the qualifying  
10 local exchange carrier's base value and the assessed value  
11 of the qualifying local exchange carrier's land, buildings,  
12 structures, and improvements assessed in the same manner as  
13 all other property assessed as commercial property pursuant to  
14 chapters 427, 427A, 427B, 428, and 441.

15 (3) For the assessment year beginning January 1, 2014,  
16 the qualifying local exchange carrier adjustment shall equal  
17 fifty-five percent of the difference between the qualifying  
18 local exchange carrier's base value and the assessed value  
19 of the qualifying local exchange carrier's land, buildings,  
20 structures, and improvements assessed in the same manner as  
21 all other property assessed as commercial property pursuant to  
22 chapters 427, 427A, 427B, 428, and 441.

23 (4) For the assessment year beginning January 1, 2015, the  
24 qualifying local exchange carrier adjustment shall equal forty  
25 percent of the difference between the qualifying local exchange  
26 carrier's base value and the assessed value of the qualifying  
27 local exchange carrier's land, buildings, structures, and  
28 improvements assessed in the same manner as all other property  
29 assessed as commercial property pursuant to chapters 427, 427A,  
30 427B, 428, and 441.

31 (5) For the assessment year beginning January 1, 2016,  
32 the qualifying local exchange carrier adjustment shall equal  
33 twenty-five percent of the difference between the qualifying  
34 local exchange carrier's base value and the assessed value  
35 of the qualifying local exchange carrier's land, buildings,

1 structures, and improvements assessed in the same manner as  
2 all other property assessed as commercial property pursuant to  
3 chapters 427, 427A, 427B, 428, and 441.

4 (6) For the assessment year beginning January 1, 2017, the  
5 qualifying local exchange carrier adjustment shall equal ten  
6 percent of the difference between the qualifying local exchange  
7 carrier's base value and the assessed value of the qualifying  
8 local exchange carrier's land, buildings, structures, and  
9 improvements assessed in the same manner as all other property  
10 assessed as commercial property pursuant to chapters 427, 427A,  
11 427B, 428, and 441.

12 3. For valuations established on or after January 1, 2018,  
13 the local assessor shall determine the value of the land,  
14 buildings, structures, and improvements of qualifying local  
15 exchange carriers in the same manner as all other property  
16 assessed as commercial property pursuant to chapters 427, 427A,  
17 427B, 428, and 441, and all reporting, protest, and appeal  
18 procedures for qualifying local exchange carriers shall be  
19 determined according to those provisions.

20 4. Notwithstanding any other provision of this chapter  
21 or chapter 427, 427A, 427B, 428, or 441 to the contrary,  
22 telephone wires, fiber optic cables, electronics, and similar  
23 items used by qualifying local exchange carriers to transmit  
24 sounds or data shall not be included when determining the value  
25 of a qualifying local exchange carrier's land, buildings,  
26 structures, and improvements for purposes of this section.